Demand for no-dues certificate from farmers

1272. SHRIMATI T. RATNA BAI: Will the Minister of FINANCE be pleased to state:

(a) whether Government is asking for no-dues certificate from the farmers who apply for loans;

(b) if so, the details thereof and the reasons therefor; and

(c) what steps Government is taking in case of online applications in each State especially in Andhra Pradesh where farmers are facing such problems?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The Reserve Bank of India (RBI) through its circular No.RPCD/PLFS.BC.No. 85/05.04.02/2006-07 dated April 30, 2007 advised all banks to dispense with the requirement of 'No Dues Certificate' (NDC) for small loans up to Rs.50,000 to small and marginal farmers, share-croppers and the like and, instead, obtain a self-declaration from the borrower. While lending to landless labourers, share-croppers and oral lessees the banks may accept certificates provided by local administrator/Panchayati Raj Institutions regarding the cultivation of crops.

Parking of surplus funds with banks

1273. SHRI N.R. GOVINDARAJAR: Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry has directed the Public Sector Undertakings (PSUs) to park their surplus funds with only public sector banks;

(b) if so, the details thereof;

(c) whether many Public Sector Undertakings like ONGC, BSNL, BHEL, NTPC and SAIL have moved his Ministry in this regard; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) It was brought to the notice of the Government that there was an emerging practice amongst Central public Sector Enterprises (CPSEs) of inviting competitive bids for placing bulk deposits with banks. As a consequence, there was undesirable competition amongst banks leading to arbitrary hikes in deposits rates. In order to avoid this undesirable competition, which have consequences for the economy, and considering the need to moderate the cost of credit, the Government of India has advised all Government of India Ministries/Departments/other agencies/entities/bodies of the Government that the practice of inviting competitive bids for bulk deposits should be discontinued forthwith and atleast 60% of their funds be placed with the PSBs with whom they were doing a regular course of business.

Some of the Ministries/CPSEs had represented to the Government to allow them to place their funds through competitive bidding. However, keeping in view all the relevant factors and